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**BELLSOUTH**

**Robert T. Blau, Ph.D., CFA**  
Vice President - Executive and  
Federal Regulatory Affairs

Suite 900  
1133-21st Street, N.W.  
Washington, D.C. 20036-3351  
202 463-4108  
Fax: 202 463-4631

December 8, 1998

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, NW, Room 222  
Washington, D.C. 20554

**RECEIVED**

DEC - 8 1998

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: Ex Parte in CC Docket 98-147

Dear Ms. Salas:

On December 7, 1998 Bob Blau, BellSouth Corporation; Peter Pitsch, Ali Sarabi and Ted Jenkins, Intel; Rod Shrock, Trey Smith and Jeff Campbell, Compaq; Scott Randolph, GTE; and Elridge Stafford, US West, met with Larry Strickling, Chief of the Common Carrier Bureau (CCB) and members of his staff. CCB staff included Jordan Goldstein, Carol Matthey, Michael Pryor, Jonathan Askin, Brent Olson and Greg Cook. The discussion included a review of the agreement between the above computer and telephone companies regarding "Ten Principles to Promote the Deployment of Advanced Telecommunications Service." The attached handout was presented.

In that discussion the companies explained each principle and how as a whole the ten principles were designed to promote deployment of advanced services (1) by competitive local exchange companies by improving their access to collocation in central offices and unbundled loops and (2) by incumbent local exchange companies by eliminating various regulatory impediments and disincentives. The companies stated that they agreed to act in accordance with these principles and that agreement with regard to each principle was conditioned on its being a part of the total set of principles. Finally, the companies made clear that there are areas not covered by these principles where they disagree and may advocate different positions before the FCC.

Pursuant to Section 1.1206(a)(1) of the Commission's rules, an original and one copy of this letter are being submitted to the Office of the Secretary. Please associate this notification with the record of CC Docket 98-147.

Respectfully submitted,



Robert T. Blau

Attachment

cc: Larry Strickling  
Jordan Goldstein  
Carol Matthey  
Michael Pryor  
Jonathan Askin  
Brent Olson  
Greg Cooke

No. of Copies rec'd. 0+1  
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December 7, 1998

The Honorable William E. Kennard  
Chairman  
Federal Communications Commission  
Washington, D.C. 20554

Dear Chairman Kennard:

We are writing to inform you that several of America's leading computer and telecommunications companies recently joined together to adopt a set of shared core principles that, we believe, will speed the development of the information economy. The ten principles set forth in the attachment to this letter represent extensive deliberation and compromise. Taken together, the principles balance the interests of the incumbent local telephone companies, the competitive local exchange carriers (CLECs), the computer industry and, of course, consumers. We are proud to transmit these principles to you and your colleagues for consideration in the Sec. 706 proceeding. We hope that they will help the Commission craft a "Internet friendly" regulatory framework; one that will encourage telecommunications carriers to accelerate the deployment of advanced network technologies, including high speed DSL Internet access.

Running throughout these principles is a common concern. In our view, the capabilities of the nation's telecommunications networks -- particularly our local networks -- are not keeping pace with user needs for faster, more reliable access to the Internet. Unless steps are taken to rectify this problem, growth of the Internet, and the wealth of new service applications that the Internet promises to create will be needlessly foreclosed.

If implemented, our principles should go a long way toward alleviating these concerns. Moreover, they would do this in a manner fully consistent with your commitment to competition, community, and common sense.

The principles are pro-competitive. They reflect a firm commitment on the part of the nation's leading local telephone companies to open their local networks to competition. Specifically, four regional Bell companies and GTE are agreeing to unbundle essential network facilities that are necessary to provide high speed Internet access and other advanced data services to end users, and to make those same essential facilities available to CLECs, as well as Internet service providers (ISP), under non-discriminatory terms and conditions. Any additional costs that local telephone companies incur in making unbundled network elements and collocation available to the CLECs would be reflected in charges for those items. Additional costs would include the reimbursements for security escorts needed to accompany CLEC personnel working on their uncaged equipment.

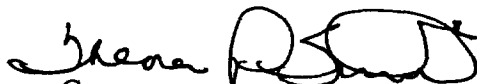
The principles are pro-community. They recognize that in many communities, particularly low income communities, where local telephone competition will likely remain absent for the foreseeable future, regulation must not add unnecessarily to the cost of providing Internet access and other advanced network services. Otherwise, high speed Internet access could be made unnecessarily, if not prohibitively, expensive for large numbers of residential and small business users.

Finally, the principles are grounded in common sense. When it comes to encouraging competing telecommunications carriers to deploy high speed Internet access and other advanced network technologies more rapidly, less regulation will generally work better than more. Eliminating unnecessary regulation of advanced data services will enable telecommunications carriers to deploy these services faster, at lower prices, and to more businesses and households. As the Internet plays a more vital role in our national economic, social, and political life, it is imperative that this occur and that all Americans be accorded a full and fair opportunity to participate in this emerging new medium.


We believe our consensus principles represent a promising blueprint for accomplishing these goals. We strongly urge the Commission, the Congress, and others who share our commitment to further the development of America's information economy to work with us to build a better tomorrow.

Respectfully yours,

  
Intel

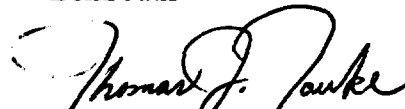
  
Compaq

Microsoft

  
Gateway

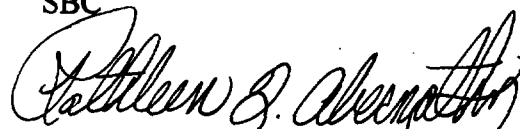
Information Technology Industry Council

  
BellSouth

  
Bell Atlantic

  
GTE

  
SBC

  
U.S. West

Business Software Alliance

Attachment

cc: Commissioner Susan Ness  
Commissioner Harold Furchgott-Roth  
Commissioner Michael Powell  
Commissioner Gloria Tristani

## **Ten Principles for the Promotion of Widespread Deployment of Advanced Services**

1. ILECs offering advanced telecommunications services on an integrated or separate affiliate basis must not discriminate between affiliated and nonaffiliated ISPs.
2. On a per request basis, ILECs will make common cage collocation available on a timely basis at pro rata costs in all central offices where space permits. In each central office where common cage collocation is not available, ILECs will provide, subject to technical feasibility, one of the following alternative collocation arrangements, that the ILEC chooses:
  - (a) Virtual collocation with access to the collocated equipment by CLEC personnel or, at the option of the ILEC, access by approved third party contractors. The ILEC may limit access for repair/maintenance activities by the CLEC or approved third party contractors to those occurrences where the ILEC determines that it cannot clear the reported trouble in less than one hour.
  - (b) Physical collocation through the use of CEV's or other reasonable adjacent structures where the CLEC provides the structure.
  - (c) Cageless collocation with access to the collocated equipment by CLEC personnel or, at the option of the ILEC, access by approved third party contractors.

Where approved third party contractors are used, CLECs may propose contractors for approval by the same process as contractors proposed by an ILEC.

Where ILECs elect to provide cageless collocation or virtual collocation with access by CLEC or third party contractors, ILECs may, with reasonable notice and service assurance provisions, relocate said equipment to common cage collocation space at ILEC expense.

3. ILECs will perform necessary loop conditioning subject to mutually agreeable cost recovery terms and conditions and will make available throughout their service territories unbundled DSL-capable loops to the extent technically feasible.
4. DSL electronics need not be provided as an unbundled network element when offered on an integrated basis, unless the FCC finds material ILEC non-compliance with advanced telecommunications services collocation and loop unbundling requirements in any of its service territories.
5. When advanced telecommunications services are offered as access services, resale at a discount shall not be required.
6. The FCC shall allow transfer of ILEC assets, employees and advanced telecommunications services accounts to a separate affiliate without "successor or assign" obligations under Section 3(4)(B) during a transition period not to exceed 12 months to foster deployment and not to penalize ILECs who have deployed on an integrated basis.
7. The degree of separation required for an ILEC advanced telecommunication services separate affiliate shall be no greater than that required in Sections 64.1903 and 20.20 of the FCC's rules.
8. Advanced telecommunications services provided by an ILEC on an integrated basis shall be price deregulated in a relevant market, no smaller than a MSA, when:

(a) The ILEC or CLECs have deployed the requisite equipment in and are offering service from central offices serving at least 50 percent of residential access lines; and

(b) The FCC finds no persuasive evidence of the ILEC's material non-compliance with advanced telecommunications services collocation and loop unbundling requirements.

9. When offering advanced telecommunications service on an integrated, untariffed basis, ILECs should be subject to existing non-structural safeguards to prevent cross-subsidization among services.
10. The FCC shall grant liberal waivers of requests for changes in interLATA boundaries for data services where such changes: (1) would substantially reduce the costs of providing advanced telecommunications services or (2) would alleviate cost problems created by small LATAs (e.g., as in the case of the interLATA boundary modification proposed in the agreement between Ameritech and NorthPoint Communications). When an ILEC is offering InterLATA data services under this waiver, ISPs may utilize the interLATA transport services of an alternative interLATA carrier for purposes of interconnecting with the ILEC's ATM, frame relay or equivalent service.